GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2971
ANSWERED ON:20.03.2017
Production in KG Basin
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the production of natural gas and petroleum products in Krishna Godavari (KG) Basin in six areas is not being carried out by various companies and if so, the details thereof, company-wise;
(b) the details of contract and agreement signed with public/private sector companies and operator to extract petroleum and natural gas from KG Basin, company-wise;
(c) the status of oil and natural gas production from KG Basin along with the production cost in KG basin as compared to other oil and gas fields during the last three years and the current year, companywise;
(d) the percentage of production carried out during the said period along with the name of the companies responsible for producing less than targeted oil and natural gas from KG basin including eastern offshore KG D6 fields, company-wise;
(e) the number of cases of violation of the said contract/agreement reported during the said period and the action taken by the Government in this regard; and
(f) whether the Government has imposed penalty for missing the production target and violation of contract since beginning of KG Basin and if so, the details thereof along with the steps taken by the Government to recover the penalty amount dues to companies, company-wise?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARAMENDRA PRADHAN)
(a) Oil & Natural Gas Corporation Ltd. (ONGC) has provided details of six fields where production is not carried out at present. The details are as given as Annexure-I.
(b) In KG Basin, A total of 39 exploration block/field have been awarded in On-land (4), Deep Water (18) and Shallow Water (17) covering an area of 205634.76 square kilometers to various companies based on current operatorship viz. Oil and Natural Gas Corporation Ltd. (18), Reliance Industries Ltd. (12), Cairn India Ltd. (3), BP Exploration (Alpha), UK (1), British Gas Exploration and Production (India) Ltd., UK (1), Gujarat State Petroleum Corporation Ltd. (2), Hardy Exploration & Production (India) Inc. (1) and Oil India Ltd. (1).
A total of 27 blocks have been relinquished by various companies based on current operatorship viz. Reliance Industries Ltd. (11), Oil and Natural Gas Corporation Ltd. (12), Hardy Exploration & Production (India) Inc. (1), Cairn India Ltd. (1), BP Exploration (Alpha), UK (1) and British Gas Exploration and Production (India) Ltd., UK (1) . Other two blocks have been proposed for relinquishment by the operators.
Operator
District
Operational
Proposed for Relinquishment
Relinquished
Grand Total
GSPC
W.Godavari & Krishna
1
1
ONGC
Krishna and Guntur
1
1
OIL
East.Godavari & Yanam (UT)
1
1
RIL
Guntur,Prakasham, Krishna
1
1
BP
-
1
1
BG
-

1
1
CAIRN
-
2
1
3
GSPC
-
1
1
Hardy
-
1
1
ONGC
-
4
1
12
17
RIL
-
1
10
11
Grand Total
10
2
27
39

(c). The details of oil and natural gas production from KG Basin along with the production cost in KG basin as compared to other oil and gas fields during the last three years and the current year are given as Annexure-II.

(d). Oil and gas production in KG basin is currently being realized from Ravva field, operated by M/s Cairn Energy Ltd., D1, D3 and MA fields in KG-DWN-98/3 (KG-D6) block, operated by M/s Reliance Industries Ltd., KG-OSN-2001/3 Block operated by Gujarat State Petroleum Corporation (GSPC) and Onshore & Offshore Nomination blocks of Oil & Natural Gas Corporation Ltd. (ONGC). The actual production of oil and natural gas from these fields/blocks during last three years and the current year against target is given as Annexure-III.

(e). The number of cases of violation of the said contract/agreement reported during the said period alongwith the action taken by the Government in this regard is given as Annexure-IV.

(f). M/s Reliance Industries Ltd. is the operator of deepwater KG-DWN-98/3 (KG-D6) block. The gas production from D1 & D3 fields in this block is much less than the production rates approved in addendum to Initial Development Plan (AIDP). The Contractor had set up production facilities to produce gas to a maximum level of 80 MMSCMD, but has failed to adhere to approved Field Development Plan in terms of drilling and putting on stream the required number of wells and consequent achievements of projected gas production profile in AIDP. This has led to under-utilization of facilities and surplus inventories. Government of India issued notice for proportionate disallowance of cost of production facilities based on cumulative shortfall in gas production vis-Ã -vis AIDP targets.

Ministry of Petroleum & Natural Gas on 03.06.2016, has disallowed an amount of US$ 2.756 Billion from the cumulative development cost incurred by the Contractor as on 31st March 2015. This disallowance was computed based on the cumulative shortfall in production of gas vis-a-vis production estimates under the approved AIDP till 31.03.2015. The additional profit petroleum (which is provisional) payable to the Government by the contractor for the period up to FY 2014-15 is approximately US$ 246.9 Million. In the context of Ministry of Petroleum & Natural Gas order on disallowance, the contractor has invoked arbitration clause of Production Sharing Contract (PSC).

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